

VIRIDIAN

Results Presentation Year Ended 31 March 2016

25 May 2016



Forward looking statements

This presentation may include forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts and include statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward looking statements are not guarantees of future performance and that the Group's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward looking statements contained in this presentation. In addition, even if the Group's results of operations, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with the forward looking statements contained in this presentation, those results or developments may not be indicative of results or developments in subsequent periods.

Table of contents



Page No.

| | | |
|----------|-----------------------------------|-----------|
| 1 | Financial highlights | 4 |
| 2 | Business developments | 5 |
| 3 | Financial summary and KPIs | 8 |
| 4 | Cash flow and net debt | 14 |
| 5 | Conclusion | 16 |

- Solid set of results for the Year Ended 31 March 2016
- Pro-forma EBITDA* for the Year Ended 31 March 2016 was £94.8m (2015 - £97.7m) primarily reflecting foreign exchange translation losses of £3.3m partly offset by higher underlying performance of £0.4m
- Pro-forma cash flow before interest and tax** for the Year Ended 31 March 2016 was £103.3m (2015 - £92.2m)
- Senior net debt was £589.9m at 31 March 2016 (2015 - £553.9m)
- I Squared Capital completed the acquisition of the Company's parent, Viridian Group Holding Limited, on 29 April 2016 and fully repaid its Junior facility A
 - Consent process relating to the acquisition successfully completed for the senior secured notes and RCF

* EBITDA based on regulated entitlement, before exceptional items and certain remeasurements and Arcapita advisory fees and excluding earnings from renewable wind farm assets

** Pro-forma EBITDA, less pension charges, plus movements in provisions and working capital (inc purchase of and proceeds from sale of other intangibles), less gross capex (excluding capex of renewable wind farm assets) and exceptional items and including the effects of FX

Huntstown plant availability and utilisation

- Availability of 95.8% for Huntstown 1 and 97.5% for Huntstown 2 for Year Ended 31 March 2016
- Unconstrained utilisation of 1.0% for Huntstown 1 and 2.9% for Huntstown 2 for Year Ended 31 March 2016
- Incremental impact of constrained utilisation was an increase of 25.4% for Huntstown 1 and an increase of 30.1% for Huntstown 2 for Year Ended 31 March 2016

Retail sales

- Total electricity sales volumes for Year Ended 31 March 2016 were 4.6TWh (2015 – 5.0TWh)
- Total gas sales volumes for Year Ended 31 March 2016 were 80.6m therms (2015 – 68.0m therms)
- Business electricity customer sites supplied at 31 March 2016 were 53,800 (31 December 2015 – 54,300)
- Business gas customer sites supplied at 31 March 2016 were 5,500 (31 December 2015 – 5,500)
- RoI residential customer sites supplied at 31 March 2016 increased to 117,600 (31 December 2015 – 102,400) with continued growth in the customer base
 - Achieved breakeven EBITDA for Year Ended 31 March 2016

I - SEM

- The detailed market design phase is ongoing and the latest Project Plan Quarterly Update published on 28 April 2016 reconfirmed that the project remains on track for go-live of I-SEM on 1 October 2017

Capacity Payment Pot

- Proposed capacity pot of €515.9m for calendar year 2017 (2016 - €514.8m)

Energia Group business developments (cont'd)

Renewable PPAs

- Average contracted renewable generation capacity for Year Ended 31 March 2016 was 797MW (2015 - 727MW) with 802MW operational capacity at 31 March 2016 (31 December 2015 – 793MW)
- 211MW of contracted capacity in construction at 31 March 2016 (31 December 2015 – 147MW)

Renewable Assets

- EBITDA from renewable assets for Year Ended 31 March 2016 was £5.3m (2015 - £2.8m)
 - 34MW operational at 31 March 2016 (31 December 2015 – 34MW)
 - Six wind farms with a total capacity of 168MW in construction at 31 March 2016
- Legislation to close ROC scheme for onshore wind in Northern Ireland from 1 April 2016, in line with GB, came into effect on 17 March 2016
 - Grace periods allow large on-shore wind projects to gain NI ROC accreditation between 1 April 2016 and 31 December 2018
- Non-recourse financing facilities of up to £67.4m put in place during the period December 2015 to March 2016 in respect of 3 wind farms in Northern Ireland with a combined capacity of 52MW
- Non-recourse financing facilities for remaining 21MW of capacity under construction expected to be put in place shortly

Power NI business developments

Electricity sales

- Residential customer numbers at 31 March 2016 were 510,000 (31 December 2015 – 520,000)
- Non-residential customer numbers at 31 March 2016 were 35,000 (31 December 2015 – 37,000)
- Total electricity sales for Year Ended 31 March 2016 was 2.7TWh (2015 – 2.9TWh)

Price control

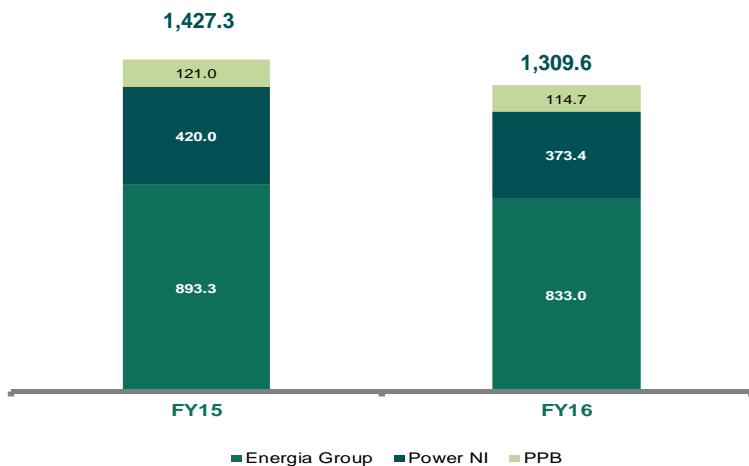
- Agreement reached with the Utility Regulator on the basis for a two year extension of the current price control from 1 April 2017 to 31 March 2019
 - Power NI have agreed to share with customers the benefits of efficiency gains made during the current price control period

Regulated electricity tariffs

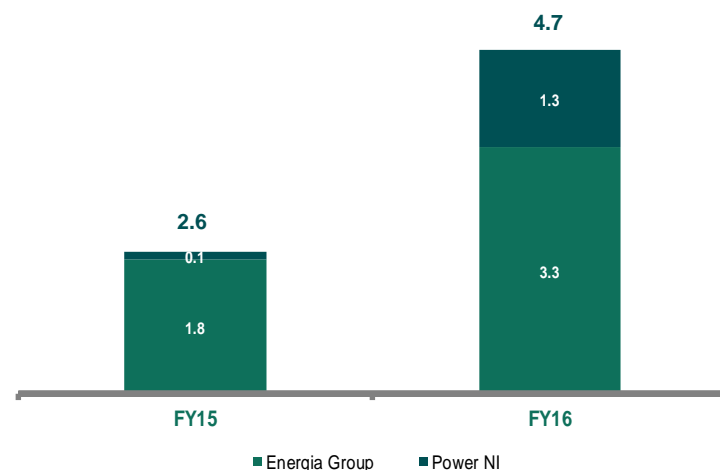
- On 12 February 2016, Power NI announced a 10.3% reduction in regulated electricity tariffs effective from 1 April 2016
 - The tariff reduction was agreed with the Utility Regulator

Financial summary – Year Ended 31 March 2016

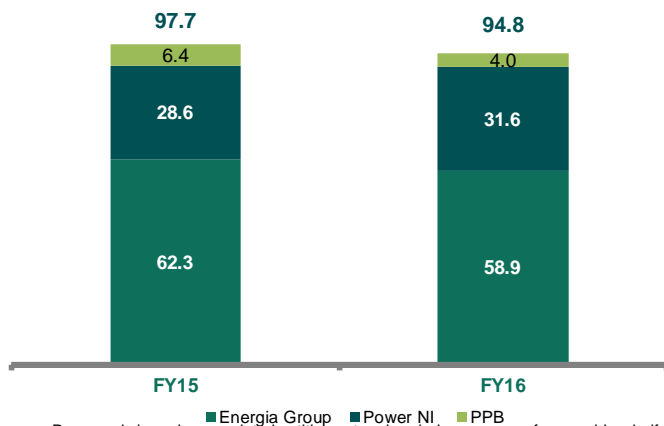
Revenue (£m)^(a)



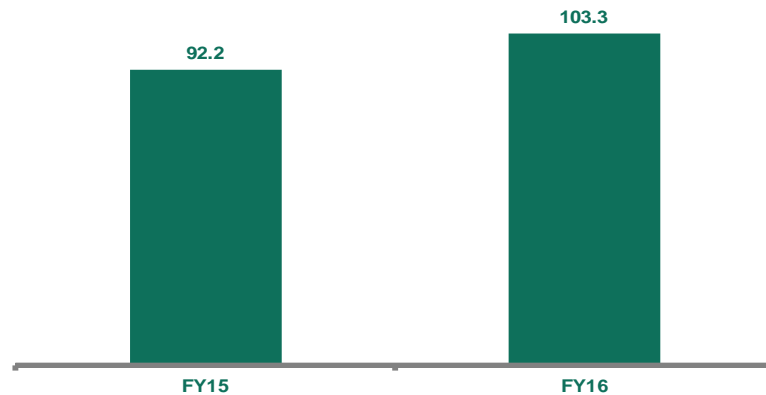
Capital Expenditure for continuing operations (£m)^(c)



Pro-forma EBITDA (£m)^(b)



Pro-forma cash flow before interest & tax (£m)^(d)



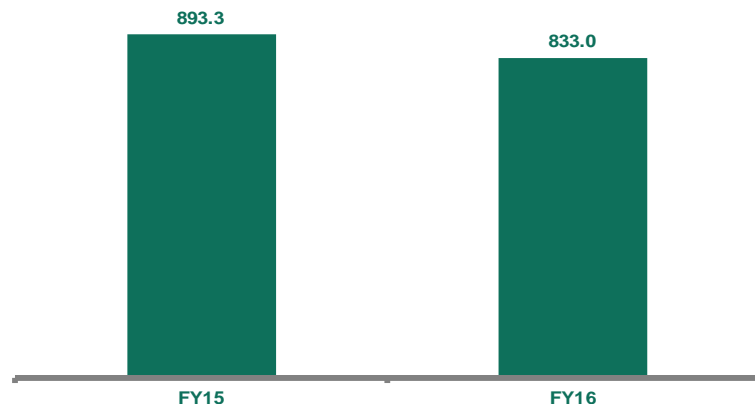
- (a) Revenue is based on regulated entitlement and excludes revenue of renewable windfarm assets
- (b) Pro-forma EBITDA is EBITDA based on regulated entitlement, before exceptional items and certain remeasurements and Arcapita advisory fees and excluding earnings from renewable wind farm assets £5.3m in Year Ended 31 March 2016 and £2.8m in Year Ended 31 March 2015.
- (c) Excludes capital expenditure on renewable wind farm assets of £58.8m in Year Ended 31 March 2016 and £28.1m in Year Ended 31 March 2015. Total includes other group capex of £0.1m in Year Ended 31 March 2016 and £0.7m in Year Ended 2015
- (d) Pro-forma cash flow before interest and tax defined as Pro-forma EBITDA, less pension charges, plus movements in provisions and working capital (inc purchase of and proceeds from sale of other intangibles), less gross capex (excluding capex of renewable wind farm assets) and exceptional items and including the effects of FX

Energia Group KPIs

| | FY 15 | FY 16 |
|--|--------|---------|
| Energia Group | | |
| Availability (%) | | |
| Huntstown 1 | 100.0 | 95.8 |
| Huntstown 2 | 97.3 | 97.5 |
| Unconstrained utilisation (%) | | |
| Huntstown 1 | 2.3 | 1.0 |
| Huntstown 2 | 24.8 | 2.9 |
| Incremental impact of constrained utilisation (%) | | |
| Huntstown 1 | 15.8 | 25.4 |
| Huntstown 2 | 3.1 | 30.1 |
| Energia electricity sales (TWh) | 5.0 | 4.6 |
| Energia gas sales (therms million) | 68.0 | 80.6 |
| Total customer sites (No.) | | |
| Non-residential | 61,300 | 59,300 |
| Residential | 82,200 | 117,600 |
| Wind farm operational PPA contracts (MW) | | |
| Average capacity during the period | 727 | 797 |
| Period end capacity – at 31 December | 778 | 802 |

Energia Group financial highlights – Year Ended 31 March 2016

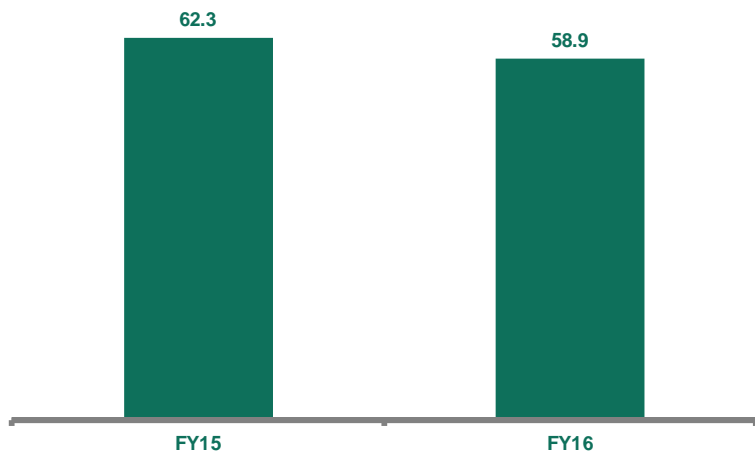
Revenue (£m)



Revenue for Year Ended 31 March 2016 decreased from £893.3m to £833.0m:

- Impact of foreign exchange translation; and
- Lower business electricity sales volumes and prices; partly offset by
- Higher residential electricity sales volumes;
- Higher gas sales volumes;
- Higher renewable PPA revenues; and
- Higher Huntstown plant output

Pro-forma EBITDA (£m)^(a)



Pro-forma EBITDA for Year Ended 31 March 2016 decreased from £62.3m to £58.9m reflecting:

- Impact of foreign exchange translation;
- Revaluation of Huntstown distillate oil stock;
- Lower availability of Huntstown 1 associated with the rotor replacement outage;
- Lower capacity revenue associated with the 10% reduction in the capacity pot for 2016;
- Lower unconstrained utilisation of Huntstown 2; and
- Lower contribution from renewable PPAs; partly offset by
- Higher business and residential sales margins

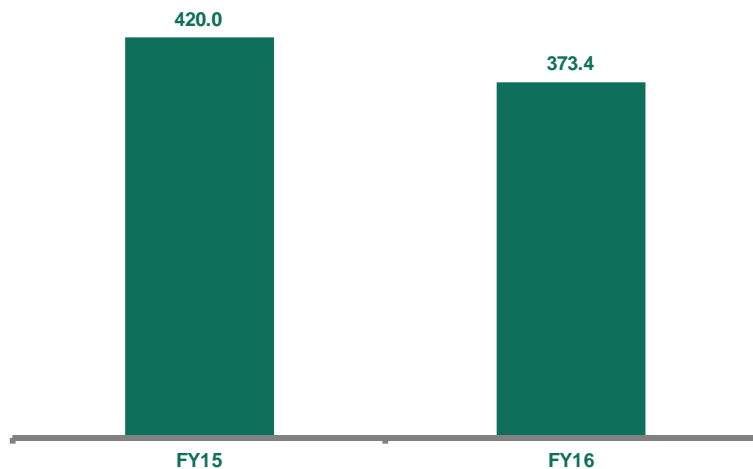
(a) Pro-forma EBITDA excludes EBITDA from renewable wind farm assets of £5.3m in Year Ended 31 March 2016 and £2.8m in Year Ended 31 March 2015

Power NI KPIs

| | FY 15 | FY 16 |
|---|---------|---------|
| Power NI | | |
| Power NI electricity sales (TWh) | 2.9 | 2.7 |
| Power NI customer sites (No.) | | |
| Residential | 545,000 | 510,000 |
| Non-residential | 37,000 | 35,000 |

Power NI financial highlights – Third Quarter 2016

Revenue (£m)^(a)



Revenue for Year Ended 31 March 2016 decreased from £420.0m to £373.4m reflecting:

- Reduction in business and residential customer numbers;
- Lower average consumption; and
- Lower market prices

Pro-forma EBITDA (£m)^(a)



Pro-forma EBITDA for Year Ended 31 March 2016 increased from £28.6m to £31.6m primarily reflecting:

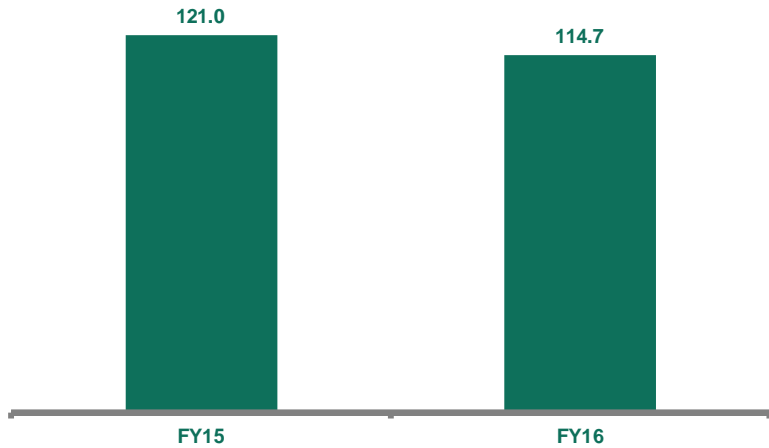
- Higher unregulated earnings; and
- Higher contribution from small scale renewable PPA; partly offset by
- Lower regulated entitlement and higher operating costs

(a) Based on regulated entitlement

PPB financial highlights – Year Ended 31 March 2016

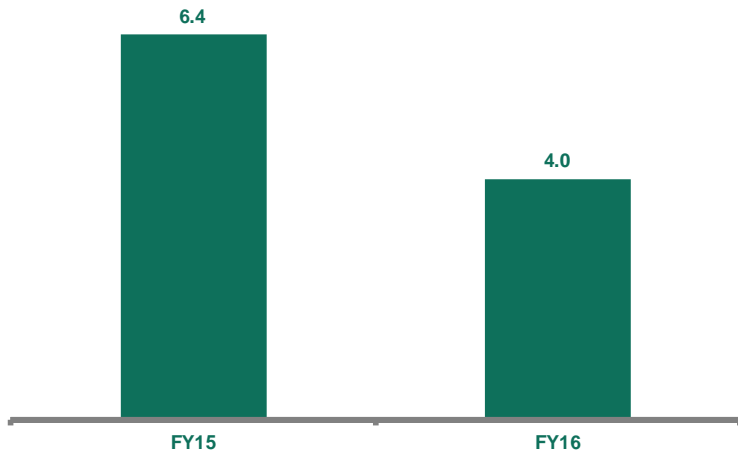


Revenue (£m)^(a)



Revenue for Year Ended 31 March 2016 decreased from £121.0m to £114.7m primarily due to lower market prices

Pro-forma EBITDA (£m)^(a)



Pro-forma EBITDA for Year Ended 31 March 2016 decreased from £6.4m to £4.0m primarily reflecting:

- Lower regulatory entitlement under the new price control effective April 2015

(a) Based on regulated entitlement

Group cash flow summary

| (£m) | FY 15 | FY 16 |
|--|--------------|--------------|
| Pro-forma EBITDA^(a) | 97.7 | 94.8 |
| Defined benefit pension charge less contributions paid | (0.5) | (2.3) |
| Changes in working capital ^(b) | 0.5 | 14.3 |
| Effects of FX | (2.9) | 1.2 |
| Pro-forma cash flow from operating activities | 94.8 | 108.0 |
| Net capital expenditure ^(c) | (2.6) | (4.7) |
| Pro-forma cash flow before interest and tax | 92.2 | 103.3 |
| Net movement in security deposits | - | (8.5) |
| Over recovery of regulated entitlement | 30.2 | 4.3 |
| Equity investment in in-development windfarm assets | (8.6) | (39.9) |
| Pro-forma cash flow before interest, tax and acquisitions and disposals | 113.8 | 59.2 |

Note:

- (a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and Arcapita advisory fees and adjusted for over/(under)-recovery of Viridian's regulated business against their regulated entitlement and excludes EBITDA from Viridian's wind farm assets of £5.3m in Year Ended 31 March 2016 (Year Ended 31 March 2015 - £2.8m)
- (b) Includes proceeds from sale and purchase of other intangibles which related to trading activities with respect to emissions allowances and ROCs and excludes changes in working capital from Viridian's wind farm assets of £0.1m decrease in Year Ended 31 March 2016 (Year Ended 31 March 2015- £2.1m increase)
- (c) Net capex excludes capex on renewable windfarm assets of £58.8m in Year Ended 31 March 2016 (Year Ended 31 March 2015 - £28.1m)

Net debt

| Net debt (£m) As at | 31 Mar 15 | 31 Mar 16 |
|--|--------------|--------------|
| Cash and investments | (70.1) | (69.2) |
| Senior secured notes due 2020 | 425.2 | 468.5 |
| Subordinated shareholder loan ^{1,2} | 356.9 | 386.8 |
| Junior bank facility asset ¹ | (162.6) | (199.4) |
| Amount due from fellow subsidiary | (0.2) | (0.5) |
| Interest accruals | 4.7 | 3.7 |
| Senior net debt | 553.9 | 589.9 |
| Project finance cash | (3.8) | (8.7) |
| Project finance bank facilities | 37.0 | 73.6 |
| Interest accruals | - | 0.1 |
| Total net debt | 587.1 | 654.9 |

1. Subordinated shareholder loan and junior bank facility asset at 31 March 2016 net to £187.4m (31 March 2015 net to £194.3m). Junior facility A held on balance sheet of the Company's parent VGHL at 31 March 2016 was £147.3m (31 March 2015 - £141.2m)

2. Subordinated shareholder loan at 31 March 2016 split between non-interest bearing £208.4m (31 March 2015 - £182.8m) and interest bearing £178.4m (31 March 2015 - £174.1m) which accrues interest on a payment in kind basis

- Senior net debt was £589.9m at 31 March 2016 (31 March 2015 - £553.9m)
 - Cash and investments £69.2m (31 March 2015 - £70.1m)
 - Increase in senior secured notes reflects foreign exchange translation differences (31 March 2016 - €/£=1.26; 31 March 2015 - €/£=1.38) and the amortisation of transaction expenses; and
 - Increase in subordinated shareholder loan and junior bank facility asset reflects the unwinding of the discounted fair values
- I Squared Capital completed the acquisition of the Company's parent, VGHL, on 29 April 2016 and fully repaid Junior facility A

- Solid set of results for the Year Ended 31 March 2016 despite the challenges of foreign exchange and lower commodity prices
 - Renewable asset investments – challenging programme but proceeding according to plan
 - Continued managed growth in the residential supply market in the RoI – achieved breakeven for FY16

- Outlook:
 - Continuation of Power NI price control to 31 March 2019
 - Regulation of NI SME market for customers with annual consumption < 50MWh expected to be reviewed shortly by Utility Regulator
 - Renewable PPA pipeline continues to be delivered
 - I-SEM detailed design phase continues – Regulatory Authorities have re-confirmed go-live remains on target for 1 October 2017

Investor relations

Investor relations contact:

Alwyn Whitford

+44 28 9038 3765

alwyn.whitford@viridiangroup.co.uk